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Principles of Accounting. By A. C. HODGE and J. O. McKINSEY. (Chicago: University of Chicago Press. 1920. Pp. xiv, 389. \$3.00.)

Accounts in Theory and Practice. By EARL A. SALIERS. (New York: McGraw-Hill Company. 1920. Pp. ix, 301.)

The emphasis of *Principles of Accounting* is placed upon the use of accounting as an aid to the business executive. Immediately following the first two chapters, which briefly discuss the meaning and function of accounting and the relationship of accounting to proprietorship, the first important aspects of the subject presented are the balance sheet and the statement of profit and loss. The subsequent arrangement of topics is somewhat novel but very effective. No mention is made of the books of original entry until after the consideration of such matters as the account as a means of classifying information, the construction and interpretation of accounts, the trial balance, the adjusting entries, the closing entries. The need for a record other than the ledger is now explained and the various typical forms of the books of original entry are described. In the remaining half of the book the topics presented include in the order given: business vouchers and forms; business practice and procedure—purchases and sales, cash and notes; books of original entry—sales and purchases records, the cash journal; controlling accounts; construction and interpretation of accounts (five chapters); accruals and deferred items; adjusting and closing entries, classification of accounts, financial reports; graphical method of presenting accounting facts.

The author of *Accounts in Theory and Practice* states that his purpose is to afford a first course in the principles of accounts. Although it is intended primarily as a first semester text it will probably prove useful in wider fields. He is planning to supplement this book with a second volume which will treat of the more complicated aspects of general accounting procedure such as valuation, ledger analysis, consolidations, branch house accounts, and realization and liquidation. The book is divided into six parts containing a total of 41 chapters averaging about seven pages a chapter. Part I devotes about 85 pages to the fundamental principles; part II briefly considers partnership accounting; part III has to do with expansion of accounting records; part IV with corporation accounting; part V, financial statements; part VI, special applications of principles. In part I the author explains and illustrates very effectively the functional classification of transactions by showing a specimen ledger with two divisions, the real accounts and the nominal accounts.

The authors of both of these books should be commended for having taken the pains to obtain concrete material and to present it in such

a way that the student not only can grasp the principles but can see their bearing upon particular problems. Although accounting forms are far less important than accounting analysis it must nevertheless be borne in mind that if at the end of a course a student is unable to apply his knowledge so as to design a simple set of books for a small activity he is justified in questioning the immediate value of the course. From the point of view of this particular need both of these books should prove especially helpful.

Instead of following the old plan of accompanying the text with one or two long laboratory sets the authors in both cases have chosen the more effective policy for their purpose of including an abundant number of short and well chosen exercises. In brief, these books have a common feature in that they are designed primarily to meet the needs of persons who wish to obtain accounting information as a special tool in their particular professions, but who do not expect to make the subject their life work. It is rather difficult to summarize the relative merits of one of these books as compared with the other, but those teachers who have at their disposal more than one semester in which to present general accounting may prefer *Accounts in Theory and Practice*. On the other hand, those teachers who have the problem of presenting the subject in a single term will probably find *Principles of Accounting* more nearly suited to their needs.

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NEW BOOKS

- BREED, W. D. *Cash and securities; the system of finance*. (New York: Dixie Business Book Shop. 1920. Pp. 74. \$1.)
- BRISCO, N. A. *Retail salesmanship*. (New York: Ronald. 1920. \$2.)
- CARPENTER, C. U. *Increasing production, decreasing costs*. (New York: Engg. Mag. Co. 1920. Pp. xiii, 432.)
- CHAMBERLAIN, J. A. *Commercial law; a practical manual covering the fundamental principles of law as applied to business in general, with special reference to common law affecting the more usual commercial transactions*. (Chicago: Am. Technical Soc. 1920. Pp. 316.)
- CHENEY, E. J. *Memorandum concerning principles and methods of water power valuations approved and practiced by various courts and commissions*. (New York: Author, 61 Broadway. 1920. Pp. 27.)
- COSTELLO, L. W. J. and O'SULLIVAN, R. *The profiteering act, 1919. Re-issue with addenda, 1920*. (London: Stevens & Sons. 1920. Pp. 75.)
- DOUGLAS, A. W. *Economic studies of states for merchandising*. (New York: Ronald. 1920. \$2.)
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